

Cancorp

File

SURPASS

CHEMICALS

LIMITED

36 UPTON RD., SCARBOROUGH, ONTARIO

M1L 2B9

INTERIM REPORT

6

MONTHS ENDED

JUNE 30, 1976

Sales
 Cost of goods sold, selling and administrative expenses
 Operating profit before undernoted items
 Depreciation
 Interest on term bank loan

 Income before income taxes
 Income taxes
 Current
 Deferred (reduction)

 Net income for the period
 Earnings per share

UNAUDITED

Working capital derived from
 Operations
 Net income
 Item not involving working capital
 Depreciation
 Deferred income taxes

 Working capital applied to
 Additions to fixed assets
 Decrease in non-current portion of term bank loan
 Dividend paid or payable

 Increase (Decrease) in working capital
 Working capital at beginning of period
 Working capital at end of period

SURPASS CHEMICALS LIMITED

UNAUDITED STATEMENT OF INCOME

	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	1976	1975	1976	1975
.....	\$1,825,035	\$1,487,768	\$3,476,392	\$2,937,820
expenses	1,620,589	1,337,865	3,089,307	2,441,792
.....	204,446	149,903	387,085	496,028
.....	39,285	38,160	78,570	76,320
.....	9,689	11,683	19,767	24,860
.....	48,974	49,843	98,337	101,180
.....	155,472	100,060	288,748	394,848
.....	73,460	106,130	73,460	106,130
.....	(23,757)	(60,650)	32,219	72,000
.....	49,703	45,480	105,679	178,130
.....	\$ 105,769	\$ 54,580	\$ 183,069	\$ 216,718
.....	13.8¢	7.1¢	23.9¢	28.3¢

STATEMENT OF CHANGES IN FINANCIAL POSITION

	SIX MONTHS ENDED JUNE 30	
	1976	1975
.....	\$ 183,069	\$ 216,718
.....	78,570	76,320
.....	32,219	72,000
.....	293,858	365,038
.....	261,182	60,506
bank loan	50,000	50,000
.....	38,243	53,540
.....	349,425	164,046
.....	(55,567)	200,992
.....	1,156,383	819,208
.....	\$1,100,816	\$1,020,200

Dear Shareholder,

We are pleased to report the unaudited results of operations for the second quarter and first half of 1976, together with the comparative figures for 1975.

Sales have continued at a high level, but several factors have prevented earnings from keeping pace. The most important of these is the persistently high exchange rate on the Canadian dollar with respect to other currencies. This accounts for at least half of the lower profit ratio. Earnings for the 1976 first half would have been approximately 30¢ per share if the exchange rate had remained the same as in the 1975 period. We continue to believe that the present unrealistically high value of Canadian currency cannot be sustained and when it does decline, our export sales will become more profitable.

The international market has remained quite competitive although stable. This has prevented a pass-through of certain cost increases and contributed to reduced profitability. There now appears to be a strengthening trend overseas and we are optimistic about the immediate future.

Our capital expenditure program is on schedule and we expect a contribution to sales from new production early in 1977.

Yours very truly,

F. W. EVANS,
President.

Toronto, Ontario,
August 9, 1976.